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6 Attorneys for Plaintiff
RLI INSURANCE COMPANY
7

8 UNITED STATES DISTRICT COURT
9 NORTHERN DISTRICT OF CALIFORNIA – SAN JOSE
10

11 RLI INSURANCE COMPANY, an Illinois
corporation,

12 Plaintiff,
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14 v.

15 CASTLE ROCK INDUSTRIES, INC. dba
SEQUOIA CONSTRUCTION
COMPANY, a California corporation;
16 LEWIS C. NELSON & SONS, a
California corporation, and DOES 1
17 through 10,

18 Defendants.
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CASE NO. 5-06-CV-05904-JF

**STIPULATION AND ~~PROPOSED~~
ORDER OF RESCISSION**

20 This Stipulation to Rescission and Order thereon is made by and between RLI Insurance
21 Company (“RLI”), Castle Rock Industries, Inc. dba Sequoia Construction Company (“Sequoia”),
22 and Lewis C. Nelson & Sons, Inc. (“LCN”) on behalf of themselves, and their parents,
23 subsidiaries, affiliates, divisions, holding companies, successors, predecessors, and assigns, and
24 all of their respective directors, officers, employees, agents, attorneys, partners, joint venturers,
25 trustees, and representatives (collectively, the “Parties”), by and through their counsel of record.

26 **STIPULATED FACTS**

27 The Parties hereto stipulate to the following facts:
28

1 1. RLI issued the following general liability primary and excess insurance policies to
2 Sequoia in reliance on representations contained on the insurance applications submitted to RLI
3 by Sequoia and/or its authorized agent:

- 4 a. Policy No. AC10002057;
5 b. Policy No. AC10005718;
6 c. Policy No. AC20003132; and
7 d. Policy No. ERX002272.

8 These insurance policies are collectively referred to herein as "the Policies."

9 2. LCN was an additional insured under one or more of the Policies.

10 3. In its applications for insurance with RLI, Sequoia's projected gross receipts were
11 misstated. This representation was a material misrepresentation. Sequoia's actual and projected
12 gross receipts were materially higher than those contained in the applications.

13 4. In its applications for insurance with RLI, it was represented that Sequoia did not
14 do residential construction. This representation was a material misrepresentation. Sequoia did
15 new residential construction and/or remodeling work, including work for a residential
16 development.

17 5. It is stipulated by and between the Parties that, had RLI known the true facts, it
18 would not have issued the Policies to Sequoia.

19 **STIPULATION TO RESCISSION**

20 Based on the foregoing Stipulated Facts, the Parties hereto agree that the Policies can and
21 should be rescinded pursuant to California Insurance Code sections 330 *et seq.* and that the

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IT IS SO ORDERED.


The Honorable Jeremy Fogel
UNITED STATES DISTRICT COURT JUDGE

1 Policies may be and are declared void *ab initio*. RLI will return to Sequoia the premium paid by
2 Sequoia with respect to the Policies.

3 DATED: August __, 2007

4 November 29

WILLOUGHBY STUART & BENING\

5 By: _____

ALEXANDER F. STUART

Attorneys for Defendant LEWIS C. NELSON AND
SONS, INC.

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8
9 DATED: August __, 2007

SEDGWICK, DETERT, MORAN & ARNOLD LLP

10
11
12 By: _____

LAURA L. GOODMAN

Attorneys for Plaintiff RLI INSURANCE
COMPANY

13
14
15 DATED: August __, 2007

BURNETT, BURNETT & ALLEN

16
17
18 By: _____

DOUGLAS ALLEN

Attorneys for Defendant

CASTLE ROCK INDUSTRIES, INC. dba
SEQUOIA CONSTRUCTION COMPANY

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By: _____

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ALEXANDER F. STUART

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Attorneys for Defendant LEWIS C. NELSON AND
SONS, INC.

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9 DATED: *December 5*
~~August~~ __, 2007

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SEDGWICK, DETERT, MORAN & ARNOLD LLP

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By: _____

L Goodman
LAURA L. GOODMAN

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Attorneys for Plaintiff RLI INSURANCE
COMPANY

14

15 DATED: *Oct*
~~August~~ __, 2007

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BURNETT, BURNETT & ALLEN

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By: _____

D Allen
DOUGLAS ALLEN

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Attorneys for Defendant

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CASTLE ROCK INDUSTRIES, INC. dba
SEQUOIA CONSTRUCTION COMPANY

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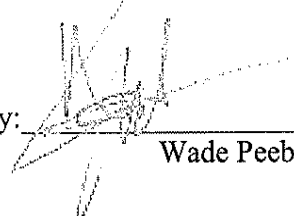
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RLI INSURANCE COMPANY

By: _____
Jack Lewis

**CASTLE ROCK INDUSTRIES, INC. dba
SEQUOIA CONSTRUCTION**

By:  _____
Wade Peebles

LEWIS C. NELSON & SONS, INC.

By: _____
Charles Fletcher

**SANTA MARIA JOINT HIGH SCHOOL
DISTRICT**

By: _____
Jeffrey Hearn

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